

REDESIGNING NON-ACADEMIC EMPLOYEE COMPENSATION SYSTEM OF SCHOOL OF BUSINESS AND MANAGEMENT (SBM) ITB

Yuti Dwi Putri and Aurik Gustomo
School of Business and Management
Institut Teknologi Bandung, Indonesia
yuti.dwi@sbm-itb.ac.id

Abstract – *Compensation system of School of Business and Management (SBM), Institut Teknologi Bandung (ITB), covers lecturers and non-academic employees' compensation system. The system that regulates non-academic employees has not met the criteria of internal equity and external competitiveness. The current compensation system is also likely to apply the model of 100% fixed salary, so it has not been able to encourage employee motivation to perform at the maximum. Therefore, it is necessary to evaluate and redesign the implemented compensation system of SBM ITB from the internal point of view. To capture the business issue, questionnaire distribution and FGD activity were conducted on 30 representative employees concerning internal equity, external competitiveness, employee contributions, management of the pay system, and budget capabilities. The results reveal that employees felt dissatisfied with the payroll components and also questioned about the existence of communication forum to facilitate information sharing and grievances. The possible alternative solutions are applying person-based compensation model considering the educational background and job experience as the entry level criteria, job-based compensation model, and adjustable benefit allocation with specific payroll components of each and also reinforcing the communication forum for employees.*

Keywords: *compensation system, person-based compensation model, job-based compensation model, benefit, payroll*

I. INTRODUCTION

An organization strive to recruit and retain its employees lined by one big purpose of achieving organizational objective through employee's job performance (Milkovich & Newman, 2005). Compensation has always been one of substantial element that get more

attention because it is seen as a source of income, an acceptance point based on education and skill background, and also a form of their job contribution and satisfaction. Therefore, the compensation system has to be designed for escalating employee's job performance (Jones & George, 2007). Besides, compensation system needs to be designed as to appreciate employee's behavior which contribute towards organizational goals achievement. However, these provisions are not as much as easy implemented since gaining compensation based on job performance is not the only one that expected by many employees, but they also look forward for the fairness and transparency of implementation method and process of compensation system itself (Lawler, 1992).

According to Milkovich & Newman (2005) internal alignment, external competitiveness, employee contributions, management of the pay system, and budget capabilities are five policies that every employer must address in building the pay system. These policies represent the basic objectives of pay system itself, include efficiency, fairness, and compliance with laws and regulations. In other words, objectives guide the design of pay systems. They also serve as the standards for judging the success of the pay system and evaluating the effectiveness of a pay system. Successful programs rely upon the individuals who are actually doing the work to contribute to the program's development. However, a well-designed skill-based pay plan will improve employee satisfaction and motivation, and, in effect, compensate employees more effectively for their contributions to the organization.

The current compensation system of non-academic employees is also likely to apply the model of 100% fixed salary, so it has not been able to encourage employee motivation to perform at the maximum. The unimplemented performance appraisal system at SBM expresses inexistence of variable salary model on basic salary determination. Non-academic employees still feel unclear about career system, whereas the career system is related tightly with the compensation system.

According to above reasons, it is necessary to evaluate whether a company has implemented the compensation system in a right track from the internal point of view, which in this matter will be evaluated the implementation of compensation system in School of Business and Management (SBM) ITB.

II. BUSINESS ISSUE EXPLORATION

A. Conceptual Framework

The business issues in this research are dissatisfaction with some payroll components and Human Resource Division (HRD) roles. Dickinson (2006) argued that any kind forms of pay is one of three reasons an employee can move out from another company, besides senior behavior and career and development obscurity. Costly or not, building a fair and attractive compensation components is critical for attracting and retaining employees.

Besides, employees have great expectations of what should be included in their compensation packages, and they may demand specific benefits. Naughton-Travers & Jardine (2001) said that the proper structure and clear calculation basis will also strengthen the internal company's image, because it is not really about how much a company pays its employees, but rather on how the payment system was made. This explanation leads in framing the conceptual framework of the research, as shown below:

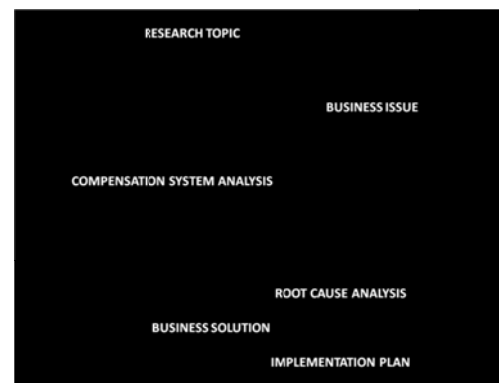


Figure 1. Conceptual Framework

B. Research Methodology

This research is focused on restructuring compensation system for non-academic employees through evaluation from prior applied system. Based on Creswell (2010), research design is a plan and research procedure comprising from broad assumptions to detailed methods in data collection and analysis. It is divided into three approaches: qualitative, quantitative, and mixed methods approaches. Those three approaches distinguish the final result representation and the process of representing the final result itself.

The qualitative method is used in this research as the whole process involves inductive logic pattern, which is started by collecting information from selected participants, then transforming those information into certain categories.

This research is focused on compensation system for non-academic employees at SBM ITB through evaluation from prior applied system, which is started by observing employee awareness of the implementation of compensation system. Implemented compensation system should carry policies that form its foundation in an organization. This employee awareness is associated with those policies, yet to see how deep such compensation system has been applied.

The population that used in this study is all of the non-academic employees of SBM ITB and the sample for observation process is 30 representative employees from every level in organizational structure which randomly selected. These 30 persons are then observed through questionnaire survey and interviewed in

the form of Forum Group Discussion (FGD) on 14 March 2012.

C. Ideal Condition upon Compensation System

Supportive Roles from Human Resource Division (HRD) and/or Another Division

To determine whether the compensation system has been well implemented or not, the monitoring or evaluation process should be conducted in a period of time. Evaluation will be performed effectively and used to clarify and revise compensation system to discover the effectiveness of it through employees assessment. Periodic evaluation process of compensation system is a key to keep the consistency in actualizing the proper compensation system of an organization.

Most companies have a Human Resource Division (HRD) to assist employees with matters relating to their employment. The team suggests to the management team how to strategically manage people as business resources (Milkovich & Newman, 2005). This includes managing recruiting and hiring employees, coordinating employee benefits and suggesting employee training and development strategies.

Based on Booth & Frank (1999), human resources also help employees with questions regarding payroll components or any grievances. In some cases, HRD is likely to fulfill a number of different role, such as the consultancy role and the audit role in order to provide advice and guidance to managers at all levels on matters to do with the management of people, and also to monitor organizational activities to ensure all policies are being properly implemented by all concerned. As a whole, the role of HRD is necessary to make a company run effectively, together with another divisions support.

Employee Satisfaction

Employee satisfaction is essential to the success of any business. A high rate of employee contentedness is directly related to a lower turnover rate. Thus, keeping employees' satisfied with their careers should be a major priority for every employer. While this is a well

known fact in management practices, economic downturns like the current one seem to cause employers to ignore it.

Gregory (2011) stated that there are numerous reasons why employees can become discouraged with their jobs and resign, including high stress, lack of communication within the company, lack of recognition, or limited opportunity for growth. Management should actively seek to improve these factors if they hope to lower their turnover rate. Even in an economic downturn, turnover is an expense best avoided. Lack of communication in the workforce is a major contributor to dissatisfaction. This is usually the result of managerial staff that is isolated and does not know how to relate to their employees on a personal or professional level.

Gomez, et.al (2010) said that employees may be unaware of how their performance measures up to that of their co- workers and have no sense of how they can improve. Without communication, it becomes difficult for employees to make any progress in their efficiency. The communication itself could be in any form, for example the Information System facilitated by Human Resource Division of a company or organization in order to accomodate employees' aspirations, complaints, or ideas and also as the information distribution media. This system can seemly be helpful and advantageous for both employer and employees.

D. The Current Compensation System at SBM ITB

Before 2011, SBM ITB had implemented the Job-Based Compensation System. This system involves the job evaluation as a measurement factor. According to Bloom & Milkovich (1998), job evaluation is the process of systematically determining the relative worth of job structure for the organization. The evaluation is based on a combination of job content, skills required, value to the organization, organizational culture, and the external market. This implementation seemed not fully suitable with SBM condition at that time, because the organizational structure has not been well-established and also there was a few chance in job promotion due to the employees age range is similar to each other.

Therefore, in the early of 2011, SBM reconstituted another compensation system

for the better organization's fundamental future, that was person-based compensation model. This system divides all positions into 9 specific job functions and classes. At the beginning, categorizing into those classes is specified according to the predetermined Evaluation Factor System (EFS). Each factor in EFS, has its own limited level of requirements which explain the bigger the level, the higher the position in job functions and classes will be. Naughton & Jardine (2001) argued that person-based compensation system is designed to influence employees future behavior through the wide-open opportunity of skill development. A skill-based pay program can help an organization actively manage the skill-acquisition process (Lawler, 1992).

After running for one and a half year, there was the indication that this compensation system should be evaluated to see the effectiveness of system implementation. That is the main reason of this research conducted. These are all points which employees felt satisfied and dissatisfied on person-based compensation system at that time based on questionnaire distribution and FGD capturing research issues:

Satisfactory points:

1. The compensation system had been well implemented using person-based model in which the system considered the job function attached to each employee, instead of the formation in organizational structure
2. Entry level had been considering the educational background and job experience
3. Employee workload was in accordance with their job function
4. Salary range of cross-function employees had been sufficient in pursuing promotion
5. Meal allowance had met employees' expectation
6. Payroll system and calculation had been transparent

Dissatisfactory points:

1. Incompatibility between the job function with employees' proficiency and educational background
2. Lack of medical benefits provided
3. Lack of transport and overtime allowances
4. Inequality of allowance distribution
5. Obscurity of pay allocation upon the compensation component

6. Unavailability of salary increase based on pay-for- performance system
7. Lack of the clear statement about basic salary and various allowances on the employee working contract
8. Unavailability of employee communication forum to convey any concerns related all running systems at SBM ITB

Dissatisfactory points are then considered as the drawbacks of the implemented system that need to be resolved.

E. Root Cause Analysis

The broad explanation related to business issue above then leads to root cause of the problem. From satisfactory and dissatisfactory points discussed in prior section, it can be concluded that employees admitted the system effectiveness in terms of internal equity. While the external competitiveness policy could not be measured due to the time constraint and the difficulty of gaining such compensation system information from competitors. The pay system management policy was likely running unwell in terms of unavailability of periodic system evaluation, which represented by the unavailability of employee communication forum. SBM ITB also had the obscurity of pay-for- performance system, therefore the employee contribution policy had not been met. And last is budget capabilities where SBM ITB should have enough source of it, however the implementation should be improved.

Figure 2 below explains several drawbacks found related the current compensation system at SBM ITB, as mentioned before. Those drawbacks then categorized into two main causes which it is called root cause later on, those are:

1. Payroll components which has not been well allocated yet
2. Several HRD roles are not well-performed

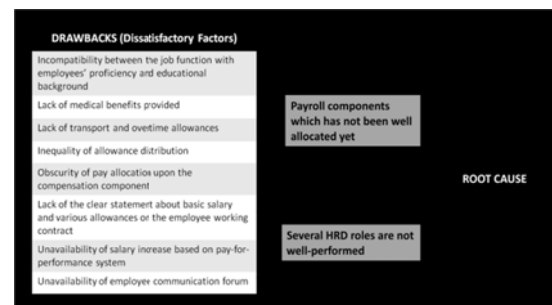


Figure 2. Root Cause Finding

III. BUSINESS SOLUTION

The root causes can be probably improved by restructuring the compensation system which also includes the modified components, also improved through reevaluating the existing job descriptions of HRD on compensation system, as well as its role in handling employees' grievance about it, and combine with enforcing the Human Resource Information System (HRIS).

This components and value modification will give advantage of more stable system for SBM structure that frequently changing. Applying this new system will ensure each employee to get specific amount of pay without any degraded take home pay due to the determination of basic salary is according to skills or competencies as in person-based structure which will be discussed below.

Restructure the Compensation System

i. Entry Level Criteria

From the questionnaire result, most of employees agreed that the entry level criteria is based on:

1. Educational background
2. Working period in SBM ITB
3. Job experience before employed at SBM ITB
4. Another criteria, such as work load, attendance, skill development ability, and so on

(a) The Last System

Educational Background	No	Job Class
	1	IA
	2	IB
	3	II
	4	III
	5	IV
Master	6	V
Undergraduate	7	VI
Diploma	8	VII
High School	9	VIII

(b) The New System

Educational Background & Job Experience		Job
Lower Limit	Upper Limit	Classes

The educational background and job experience used as the main reference in determining which class should an employee be placed in. It is similar with the current entry level condition of compensation system, but the job classes become 11 levels and also it occupies lower and upper limit of educational background, as shown in Table 1b above. Those job classes applied are adapted from government regulation on basic salary of civil servants No. 15 in 2012.

The lower limit is the first bottom line as the entry level category for every employee based on their educational background and job experience. Along with working period in SBM ITB, each employee in every level of every specific class can achieve the highest level of job classes in the upper limit as shown in the table. This achievement could be accommodated with employee development program in skill or competency.

ii. Model of Compensation System at SBM ITB

The proposed compensation system will be used two kinds of compensation models and one additional model, those are:

- Person-Based Compensation Model
- Job-Based Compensation Model
- Adjustable Benefit Allocation

Each of those models is used to determine the payroll components. Person-based compensation model will manage the basic salary and welfare benefit, while employment allowance and performance incentive is determined by the job-based compensation model. Various certain allowances are managed in adjustable allowances allocation.

Person-Based Compensation Model

Basic salary is a form of reward paid to the employee according to class or type of work as

the amount is determined through agreement (Labor Minister No. SE- 07/Men/1990). The welfare benefit is categorized as fixed allowance which according to Explanations of Article 94 of Law No. 13 in 2003 on Manpower is given to employee who performed regularly and is not associated with the employee's attendance or specific work achievement. Labor Minister No. SE-07/Men/1990 also explained that fixed allowance is paid periodically in the same time with the payment of basic salary and benefits. Welfare benefit is paid regularly to ensure the fulfillment of physical needed, security, and tranquility of working.

When an organization is facing some shortages such as the unwell-established organizational structure and a few chances in job promotions, a person-based compensation model will be suitable to implement. Table 2 below explains the value of basic salary complies to government regulation on basic salary of civil servants No. 15 in 2012. The welfare benefit is also adapted from government regulation.

(a) The Person-Based Compensation Model on the Last System

Basic Salary				
Job Class	0	1	2	3
IA	10,000,000	10,100,000	10,200,000	10,300,000
IB	8,000,000	8,100,000	8,200,000	8,300,000
II	6,500,000	6,600,000	6,700,000	6,800,000
III	5,000,000	5,100,000	5,200,000	5,300,000
IV	4,000,000	4,075,000	4,150,000	4,225,000
V	3,350,000	3,425,000	3,500,000	3,575,000
VI	2,850,000	2,925,000	3,000,000	3,075,000
VII	2,250,000	2,300,000	2,350,000	2,400,000
VIII	1,750,000	1,800,000	1,850,000	1,900,000

Table 2. The Value of Person-Based

(b) The Person-Based Compensation Model on the New System

CLASSES	PERSON-BASED COMPENSATION MODEL							
	BASIC SALARY (in Rupiah/month)				WELFARE BENEFIT (in Rupiah/month)			
	1 year	1 year	2 years	3 years	0 year	1 year	2 years	3 years
IX	2,446,600	2,686,100	2,725,600	2,766,100	8,500,000	8,750,000	9,000,000	9,250,000
X	2,386,100	2,601,100	2,615,000	2,634,050	7,500,000	7,750,000	8,000,000	8,250,000
IX	2,486,100	2,472,500	2,508,900	2,548,850	6,500,000	6,750,000	7,000,000	7,250,000
VIII	2,372,200	2,372,200	2,405,100	2,448,000	5,500,000	5,750,000	6,000,000	6,250,000
VII	2,342,400	2,275,900	2,308,400	2,348,850	4,500,000	4,750,000	5,000,000	5,250,000
VI	2,351,400	2,183,550	2,225,700	2,248,750	3,500,000	3,750,000	4,000,000	4,250,000
V	2,064,100	2,094,900	2,125,700	2,157,450	2,750,000	2,925,000	3,125,000	3,300,000
IV	1,889,650	1,887,100	1,886,000	1,892,900	2,000,000	2,175,000	2,375,000	2,550,000
III	1,764,950	1,781,300	1,818,100	1,844,900	1,250,000	1,425,000	1,625,000	1,800,000
II	1,693,200	1,718,500	1,744,250	1,770,000	750,000	875,000	1,000,000	1,125,000
I	1,024,700	1,048,900	1,078,550	1,098,200	250,000	375,000	500,000	625,000

Compensation Model

The difference between the proposed person-based structure with the prior one that the person-based structure adapted in 2011 was only accommodate the basic salary, while in this

proposed structure the basic salary is break down into the basic salary itself and the welfare benefit.

The basic salary in the new system complies with government regulation on basic salary of civil servants No. 15 in 2012. The lowest amount of basic salary follows what has been written in that government regulation and the welfare benefit is set up to conform it, so that its escalation is in accordance with the prior basic salary where the new system accommodates the increasing amount than the previous one.

Job-Based Compensation Model

Based on Presidential Decree No. 12 in 2006, structural employment allowance is one of the employment allowance that given to appointed and fully assigned civil servants in organizational structure in accordance with the provision of legislations. In SBM ITB, various structural positions in organizational structure of non-academic employees are categorized into several specific positions which indicates the amount of pay. The amount itself is adapted toward the budget capability of SBM ITB. The structural position categories and the amount of it is shown in Table 3 below.

STRUCTURAL POSITION	EMPLOYMENT ALLOWANCE (in Rupiah/month)
Head of Administration	2,500,000
Manager, Head of Sub-Section, Program Secretary, Dean Secretary	1,875,000
Supporting Administration Employee, Academic Position, Unit/Knowledge Group, Librarian, Karyawan Sekretaris Dekanat	1,000,000
Maintenance Coordinator	750,000
Maintenance Staff	500,000
Driver Coordinator	750,000
Driver	500,000
Emissary	250,000
Office Boy	250,000

Table 3. The Employment Allowance

Employment allowance is granted to employees in accordance with their position based on job based merit. The amount of employment allowances determined by job value and ITB Rector Decree No 26A/SK/K01/KU/2009 about Benefit Changes of ITB BHMN Officer becomes the reference, and also consideration of the presence of existing positions in SBM organizational structure.

This compensation model also facilitate to regulates the performance incentive which the objective is to increasing performance or achieving working target. Performance incentive is given one month at the latest after performance assessment has been conducted per quarter. The amount is calculated

based on the fulfillment of the performance criteria, then it is multiplied by the component of person-based compensation model received monthly. Therefore, SBM ITB should provide the proper employee Development system to facilitate this performance incentive. Later on, when the condition of SBM ITB has been well-established, it will be more suitable to implement this single job-based model of compensation.

SBM ITB has ever implemented Performance Appraisal System (PAS) in 2009-2010. That system was then no longer used since the compensation system changed on the early 2011. Therefore, the effectiveness of PAS has not been identified. It would be better if SBM ITB could reutilize PAS aligned with the proposed compensation system in order to motivate workforces as well as responding their incertitude of incentives for performance.

Another performance evaluation that SBM ITB can implement is Key Performance Indicators (KPIs). They are basic elements of the overall planning and monitoring system and are usually derived from institution's mission. Typically, KPIs are monitored and distributed in dashboards or scorecards to provide everyone in the organization with an understanding of the strategy implementation progress. KPI utilization enables learning and improvement on critical operations, capabilities and processes across business areas. During this process, administrators develop KPIs which reflect various components of the institution's strategic goals and are essentially what will be used to monitor the institution's progress and determine its success. KPIs may also serve as the basis for subsequent action plans.

Employees involvement in setting up KPI at the beginning is one way to keep them informed with the whole process in order to respond their confusion questioning about pay-for-performance. This is also the way to express the information distribution in terms of supporting communication forum which also become their concern in SBM ITB.

Adjustable Benefit Allocation

- Mubarak Allowance

In Indonesia it is common to give extra benefit for feast-day in a year. The Labor Minister Regulation No. 4 in 1994 about

Mubarak Allowance for Company's Employees Article No.1 said that the Mubarak allowance is employee's payable income from the employer to the employees or their families toward the feast-day in the form of money or others. The amount of feast-day allowance is given at minimum of equal to monthly basic salary, welfare benefit, and employment allowance (Table 4) as written in Employment Legislation PER.04/MEN/1994 Article No. 3.

Table 4. The Amount of Mubarak Allowance

PERSON-BASED MODEL		JOB-BASED MODEL	MUBARAK ALLOWANCE (yearly in Rupiah)
Basic Salary	Welfare Benefit	Employment Allowance	
a	b	c	a+b+c

Meal Allowance

One-time daily meal is given to facilitate employees during the working hour of 8 a.m. to 5 p.m. The amount of this allowance is in natura Rp 17,500 per day for every job class and position.

- Transport Allowance

This allowance considers the replacement cost of transportation from employee's house to the office. The amount of transport allowance is Rp 20,000 per day according to number of days of attendance for every job class and position.

- Outpatient Allowance

Table 5. Outpatient Allowance

Position	Outpatient Allowance (yearly in Rupiah)
Head of Administration	6,500,000
Head of Sub-Section	5,000,000
Employee	3,500,000
Maintenance & Driver	2,000,000

In SBM ITB, various structural positions in organizational structure of non-academic employees are categorized into several specific positions which indicates the amount of outpatient allowances pay. Table 5 above explains that this kind of allowance is given yearly to the employees and their family members, which are husband or wife and maximum of two children.

Inpatient Allowance

Similar with outpatient allowance, this allowance also comprises specific categories of three positions. Inpatient allowance is given yearly to the employees and their family members, which are husband or wife and maximum of two children, in the form of insurance premium that paid yearly to the insurance company. The premium value is shown in Table 6 below.

Table 6. Inpatient Allowance

POSITION	PLAN		GENDER	PREMIUM (in Rupiah)		TOTAL
	IP	MITR		IP	MITR	
Head of Administration	R400	MT9000	Women	1.112.908		2.432.308
	R450		Men	903.113	1.323.400	903.113
	R450		Children	402.458		402.458
Head of Subsection, Manager, Program Secretary, Dean Secretary	R430	MT7000	Women	798.615		1.094.915
	R450		Men	838.292	1.096.300	138.292
	R450		Children	417.621		417.621
Maintenance, Driver, Emisary/DB	C0350	MT7000	Women	731.211		1.027.511
	C0350		Men	354.969	1.096.300	354.969
	C0350		Children	382.374		382.374

Retirement Allowance

Retirement allowance is an amount received on or after the retirement of an employee in recognition of long service or as compensation for loss of employment. It is generally considered as termination pay that is provided either voluntarily or involuntarily, as a requirement of law or as a result of a court settlement. This kind of allowance is only divided into two categories over the whole position in SBM ITB, as shown in Table 7 below, which is paid monthly for every position.

Table 7. Retirement Allowance

Position	Retirement Allowance (monthly in Rupiah)
Head of Administration	500,000
Employee	300,000

Financial Capabilities of SBM ITB

Restructuring the compensation system of SBM ITB took some time to deliberate the possible models includes its components. After determining those components, the formulation of each value of component were also conducted in order to find out the amount of budget needed to compensate all employees per year.

The calculation is done for basic salary and various benefits for every employee, ranging from welfare benefit, employment allowance, performance incentive, Mubarak allowance, meal allowance, transport allowance,

outpatient allowance, inpatient allowance, retirement allowance. Based on the calculation, the budget needed by SBM ITB in a year is shown in Table 8 below.

Table 8. Budget Capability of SBM ITB
(monthly & yearly)

(a) The Last Compensation System Budget

MONTH	BUDGET/MONTH (in Rupiah)
January	619,025,000
February	358,925,000
March	545,345,550
April	364,325,000
May	367,025,000
June	542,645,550
July	723,666,100
August	367,025,000
September	542,645,550
October	533,621,929
November	364,325,000
December	545,345,550
TOTAL	5,873,920,229

(b) The New Compensation System Budget

MONTH	BUDGET/MONTH (in Rupiah)
January	692,541,100
February	432,441,100
March	618,861,650
April	437,841,100
May	440,541,100
June	616,161,650
July	797,182,200
August	440,541,100
September	616,161,650
October	607,138,029
November	437,841,100
December	618,861,650
TOTAL	6,756,113,429

Table 8b shows the total amount of budget in this new system is almost one billion bigger than the last one per year. The budget of the older system cost Rp 5,873,920,229 (Table 8a). The budget difference will hopefully give impact in employees' welfare and SBM also takes great expectation in the increasing of their productivity for the long term working period that worth to SBM objectives. Therefore the evaluation process on employees performance will fully support testifying their productivity.

Reevaluate the Existing Job Description of HRD Particularly on Compensation System and Implement the Human Resource Information System (HRIS)

In SBM ITB, all the positions in organizational structure have their own clear job description which has been approved by the dean in a Decree No. 039a/I1.C12/SK/OT/2011. Human Resource is one of the function that is regulated below that decree. In organizational structure of SBM ITB, HRD is led by a chief sub-section of human resource, which directly under head of administration supervision.

Based on the decree, together with HRD, head of administration also have control over any concern related to compensation system. The specific role of chief sub-section of human resource and head of administration are as follows:

Chief sub-section of human resource role:

Responsible for the provision of data for policy formulation related to human resource at SBM ITB

Managing human resource systems ranging from the process of recruitment, employee development and performance appraisal to obtain and maintain a reliable personnel, including management of recruitment and selection, employee development, payroll systems and personnel information systems
Coordinate with all units in SBM to accommodate the needs of personnel in SBM ITB

Coordinate all matters related to employment issues

Head of administration role on human resource:

Responsible for the hiring process, the payroll process monitoring, employee performance monitoring, and evaluation of human resource systems in SBM ITB

Assist the WDS in designing the HR policy and HR systems which applied in SBM ITB

From both roles explanation above, there are some highlights which concerned to business issue in this research, those are chief sub-section manages performance appraisal, payroll system and personnel information system, as well as the head of administration responsibility in employee performance monitoring. It can be seen here that all roles above would be enough to actualize the well- running human resource management, particularly on compensation system, if the roles are properly implemented.

Nowadays, there are various companies implement the Human Resource Information System (HRIS) as the system to facilitate all the data information related to human resource to be integrated. According to Heathfield (2012), HRIS is a software or online solution for the data entry, data tracking, and data information needs of the Human Resources, payroll, management, and accounting functions within a business. Typically, the better HRIS provide overall:

- Management of all employee information.
- Reporting and analysis of employee information.
- Company-related documents such as employee handbooks, emergency evacuation procedures, and safety guidelines.
- Benefits administration including enrollment, status changes, and personal information updating.
- Complete integration with payroll and other company financial software and accounting systems.
- Applicant tracking and resume management.

An effective HRIS provides information on just about anything the company needs to track and analyze about employees, former employees, and applicants. With an appropriate HRIS, human resources staff enables employees to do their own benefits updates. Additionally, data necessary for employee management, knowledge development, career growth and development, and equal treatment is facilitated. Finally, managers can access the information they need to legally, ethically, and effectively support the success of their reporting employees.

IV. CONCLUSION AND SUGGESTION

A. Conclusion

According to the entire discussion on this paper about encountering the employees' dissatisfactory factors on implemented compensation system, here are the conclusion:

The internal point of view has become the major factor to discover the effectiveness of compensation system implementation in an organization.

The socialization to all employees of the compensation model used and its payroll components is highly important to provide the deep understanding whether the

employees' logic expectation has been fulfilled or not.

Pay-for-performance system is highly important implemented in SBM ITB to motivate employees in working activities.

When the logic expectation has not been met yet, it also important to have periodic communication forum to deliver various grievances that need to be improved later on.

After all, the periodic evaluation process will always be the primary key to always have the system run effectively and efficiently.

B. Suggestion

And finally, this research has many shortages and limitation in the process. Therefore, further suggestion should be provided in order to complete this research in the future. Some suggestions that can be expressed are:

The chief of sub-sector of human resource should fully participate in restructuring the compensation system in order to provide the broad information about human resource and also give the best consideration what system that could fit the most in an organization like SBM ITB.

To align with 5 required policies of compensation system, the complete data is necessary particularly that relates to external competitiveness factor which benchmarking to other competitors. This will express whether the welfare of employees working in SBM ITB has been met or not, then furthermore the moving out employees to that another competitor can be suppressed.

Redesigning the new compensation system should consider several impacts that could be affected directly or indirectly such as social and internal impacts. Therefore, there should be another comprehensive analysis concerning those impacts which probably could result the opposite effect to SBM in the future.

SBM ITB probably could implement performance appraisal to rise up the take-home pay, it might be good if SBM ITB has the proper assessment in order to gain the complete valuation for every employee.

There should be another in depth research about implementing KPI or PAS at SBM ITB in order to keep up the good performance of each employee.

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